

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 61-29

June 29, 1961

LOSSES OF SPIRITS IN BOND

Proprietors of distilled spirits
plants, and others concerned:

This circular is being issued to inform proprietors of bonded storage facilities of changes which are being made in the instructions for reporting taxpaid losses from packages on Form 2731, Monthly Report of Bonded Storage Operations.

Footnote 3 on Form 2731 provides that taxpaid losses, line 26, will be included in the quantity taxpaid, line 7. Since the Form 1621 account is not adjusted for a taxpaid loss until the package sustaining such loss is removed from bond, and since the Form 1621 account balance is the on-hand figure reported at line 21 of Form 2731, the reporting of taxpaid losses at line 7 of Form 2731 causes an imbalance in the report.

However, a balanced report will result from reporting taxpaid losses at line 26 only of Form 2731 for the month in which such losses are taxpaid and reporting total losses (original tax gallons less tax gallons withdrawn) at line 20 of Form 2731 for the month in which a package sustaining a taxpaid loss is dumped or removed from bond. Pending such revision, the modified reporting system described herein should be used on all future reports on Form 2731.

A revenue procedure will be issued respecting the gauging of packages of spirits found to have sustained a loss for which a claim for remission of tax is or may be required and the recording of such loss in the warehouse records and reports. This procedure, when issued, will supersede Revenue Procedure 61-9.

Inquiries regarding this circular should refer to its number and be addressed to your assistant regional commissioner (alcohol and tobacco tax).

A handwritten signature in cursive script, reading "Dwight E. Avis".

Dwight E. Avis
Director, Alcohol and Tobacco Tax Division